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Follow-up to and implementation of the outcome of the International Conference on Financing for Development

Summary of the informal interactive hearings on issues related to financing for development

Note by the Secretariat

I. Introduction

1. The General Assembly, in its resolution 59/293 of 27 May 2005, decided that all issues regarding financing for development would be discussed during the informal interactive hearings to be held on 23 and 24 June 2005 with representatives of non-governmental organizations, civil society organizations and the private sector, and requested the Secretariat to issue a summary of the hearings related to financing for development as an input to the High-level Dialogue on Financing for Development. The present note is in response to that request.

2. The informal interactive hearings session "Freedom from want" — segment on Millennium Development Goal 8 and on issues regarding financing for development — was held on 23 June 2005 at United Nations Headquarters in New York. It was chaired by Fayssal Mekdad, Vice-President of the General Assembly at its fifty-ninth session and Permanent Representative of the Syrian Arab Republic to the United Nations. John Langmore, United Nations Association of Australia, acted as moderator and Ester Aguilera, Asociación Nacional de Economistas y Contadores de Cuba, served as rapporteur. The speakers were Peggy Antrobus, Development Alternatives for Women for a New Era (Barbados); Roberto Bissio, Instituto del Tercer Mundo (Uruguay); Ronnie Goldberg, International Organization of Employers (United States of America); Mama Koite, African Women's Development and Communication Network (Mali); Mathilde Manga, African Women's Association (Cameroon); Jens Martens, Global Policy Forum (Germany); and Saradha Ramaswamy Iyer, Third World Network (Malaysia). In addition, 53 representatives of non-governmental organizations, civil society organizations and the private sector, as well as many government representatives, participated in the hearings. The main themes raised in the informal interactive discussion are outlined below.

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II. General considerations

3. All participants recognized the link between financing for development and the attainment of internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration. There was a prevailing view that all the Millennium Development Goals were indivisible and closely interlinked. It was suggested that Goal 8, on developing a global partnership for development, which is also at the centre of the Monterrey Consensus, was a key prerequisite for the achievement of the other Millennium Development Goals. It was also pointed out that there was a close interrelationship between freedom from want, freedom from fear and freedom to live in dignity. The report of the Secretary-General "In larger freedom: towards development, security and human rights for all" (A/59/2005) provided a well-noted point of reference in that regard.

4. Much of the discussion focused on the evolution of development funding. Many participants, while acknowledging the global advances made towards internationally agreed goals on development assistance, emphasized the urgent need to accelerate donor support in order to achieve the Millennium Development Goals by 2015. Others called attention to the recent achievements in raising development funds worldwide and the current momentum in aid commitments by donors. In this connection, development priorities in Africa were highlighted in the discussion. The odious poverty, the HIV/AIDS pandemic and persistent indebtedness in many African countries were identified as the areas of particular concern. The views expressed by members of civil society were largely shared by government representatives, who provided reassurances that Africa would be the focus of future development efforts. The urgent need to address the situation of women was another cross-cutting theme of the discussion.

5. The actual meaning of development was questioned, and calls were made for redefining the concept with a more human rights-based approach. The linkages between human rights and economic rights were emphasized, as was the necessity of bringing global development initiatives within the rights-centred purview of the United Nations. Critiques of the draft outcome document for the September Summit (A/59/HLPM/CRP.1) were also voiced. Many participants felt that the draft should be strengthened and should be aimed at providing a clear and concrete road map for the achievement of the Millennium Development Goals. In addition, there was a broad agreement that development was the shared responsibility of both developed and developing countries.

III. Domestic policy issues

6. Many participants stressed the need for participatory democracy to ensure the rights of the poor, the oppressed and children. In particular, it was emphasized that women comprised a disproportionately large part of the world's poor and were often the victims of discrimination, marginalization and violence, and that it would be critical to achieve greater representation of women in decision-making bodies at all levels of government and the United Nations. It was therefore essential that efforts towards the empowerment of women and gender equality continue by strengthening, inter alia, the relevant United Nations bodies, including the Economic and Social Council, which carries a responsibility to advance gender mainstreaming within the development agenda. There were also calls for microfinance and rural development

schemes to empower the poor, as well as for policy measures to improve access to education, water and health services. On the issue of health, the need to combat pandemics such as HIV/AIDS and malaria was emphasized. In addition, the issue of protecting the rights of workers and ensuring adequate social protection was raised. It was proposed that an additional development goal on ensuring decent work and increasing employment opportunities be established.

7. Several speakers expressed the view that developing countries needed to take greater responsibility for their own development, through continued efforts to improve governance at the national level. In that respect, the need to reduce corruption was pointed out by a large number of participants. Greater accountability would require better access to information, especially with regard to policies and public expenditures. At the same time, some representatives also pointed to the importance of ownership by developing countries of their development policies. On that score, multilateral institutions and bilateral donors should reduce conditionality and trade agreements should provide room to manoeuvre so that developing countries can have adequate "policy space".

8. The importance of having policies to further sustainable development was emphasized. In particular, participants mentioned that climate change was one of the gravest threats to the sustainability of the planet's environment and the well-being of the poor who depend heavily on natural resources.

IV. Role of the private sector

9. A number of participants drew attention to the importance of the private sector in generating income and employment and eradicating poverty. A speaker emphasized the need for developing countries to reform their legal and regulatory frameworks, especially with a view to making it easier to open and close businesses, ensuring property rights and the effective enforcement of contracts. Private investments, including foreign investments, were the key to sustained growth and employment generation. In that context, the need to reform the international trading system to increase market access for developing countries was stressed by many participants. Some representatives of member Governments also pointed to the importance of microfinance and education in encouraging the growth of the private sector.

10. However, it was also argued by some participants that foreign direct investment often did not benefit the poor. The view was expressed that actions of transnational companies could sometimes be an obstacle to sustainable development. Privatization of basic goods and services such as water was also criticized for reducing, in many instances, the access of the poor. In addition, the importance of ensuring corporate social responsibility, including with regard to the rights of workers, was stressed.

V. International trade

11. Several participants called upon the international community to implement the commitment of the Monterrey Consensus for a rules-based, non-discriminatory and equitable multilateral trading system. Accordingly, all actors were urged to develop

strategies for revitalizing the trade negotiations within the framework of the Doha Development Agenda. It was stressed that development concerns must be appropriately addressed in the course of transparent and inclusive negotiations leading up to the 2005 World Summit and the Hong Kong Ministerial Conference of the World Trade Organization (WTO) in December 2005. Speakers supported the call of the Secretary-General for the provision of duty-free and quota-free market access for all exports from the least developed countries.

12. Many participants called on developed countries to abolish all forms of subsidies that damage developing countries' agricultural production and markets, as well as to discontinue the dumping of cheap subsidized goods into their markets. The importance of fair and stable prices for commodities exported from developing countries was stressed. Sufficient flexibility in determining the level and nature of their tariff commitments was seen as another critical policy tool for developing countries. Many speakers also raised concerns with regard to existing pressure on developing countries to liberalize the services sector, especially in respect of essential services such as water, energy, health and education. Several participants also stressed the need to assist developing countries in enhancing their export capacities. The need to ensure (a) that bilateral and regional trade agreements are consistent and compatible with WTO commitments, (b) that they promote and protect human rights and (c) that they include analysis of the impact of such agreements on women was highlighted.

VI. Aid

13. Official development assistance (ODA) was seen as an essential mechanism for achieving the Millennium Development Goals and longer-term development goals. However, many speakers expressed concern about recent trends in the future trajectory of and the current distribution, volume, effectiveness and conditionality of aid. The disquieting low levels of aid contributions by developed nations were considered to be a serious factor threatening the achievement of the Millennium Development Goals. Speakers called upon donor countries to move from commitments to concrete actions. Several participants expressed their support for innovative sources of development finance, including global taxes. It was hoped that the proposed new mechanisms, such as an international finance facility, would generate additional resources for development by 2015 and beyond. The view was expressed that the growing gap between military spending and development aid was scandalous. The need to accelerate the pace of reaching the ODA target of 0.7 per cent of gross national income was stated emphatically and echoed by many speakers.

14. However, some government representatives pointed out that much had already been achieved in terms of the growth of ODA, that progress towards the 0.7 per cent target had been commendable and that the European Union especially had built considerable momentum on the issue. Several speakers noted that while developed countries needed to increase the volume of ODA, developing countries had to take development into their own hands, especially by combating corruption and instituting good governance. It was also clarified that making aid more effective should not mean imposing on developing countries further conditionalities that would limit their "policy space". Some participants asserted that ODA should not be redefined through accounting methods for the purpose of presenting an appearance

of growth. For instance, they argued that debt forgiveness should not be counted as ODA. Indicators, including those on the advancement of women, for monitoring progress on aid flows and their impact were also proposed.

VII. External debt

15. There was a broad consensus that additional efforts were needed to further reduce the unsustainable debt burdens of many developing counties, in particular of the least developed countries. Immediate and wide-ranging debt relief was necessary to ensure the ability of developing countries to meet the Millennium Development Goals. Several speakers expressed their support for the Secretary-General's proposal to define debt sustainability as the level of debt that would allow a country to achieve the Millennium Development Goals by 2015 without an increase in debt ratios. Recent steps taken by the Group of Eight to write off $40 billion in debt owed by 18 countries, mainly African, were welcomed. However, it was stressed that further efforts were needed and that debt relief should not come at the expense of additional aid. It was also proposed that transparency in the debt-relief process should be enhanced through accountable mechanisms.

VIII. Systemic issues

16. A number of participants expressed concern about the functioning of the international financial system. Several discussants noted the continued net transfer of financial resources from developing to developed countries. In that context, it was stated that one major developed country was absorbing a disproportionately large volume of global resources and that efforts should be made to reduce that global imbalance. Participants reiterated the call of the Monterrey Consensus to further enhance the participation of developing countries and countries with economies in transition in all international economic decision-making and norm-setting institutions. Many speakers also called for increased coordination among the Bretton Woods institutions, WTO and the United Nations. There was a broad consensus that the role of the United Nations in guiding the international development agenda should be strengthened.